

Global Markets Daily

AXJs Weighed By Equity, Treasury Sell-Off

Equity, Treasury Sell-Off Weighs On AXJs

Jerome Powell's optimism for the US economy, in the midst of US data outperformance overnight, sent equities lower, UST yields higher and the USD rebounding as markets priced in the risks of a more aggressive Fed. 10Y UST yield climbed higher towards the 2.90% levels while the USD Index rose back above the 90 levels. Asian equity markets are likely to follow suit with Asian futures already all pointing lower this morning. Weaker Asian equities amid stronger USD should weigh on Asian FX ahead. Oil prices slipped this morning after the IEA warned that US shale production could lift supply. This could put added downward pressure on commodity currencies intraday, including the MYR.

Powell's Optimism Fuels More Aggressive Rate Hike Expectations

Fed Chair Powell's optimism for the US economy spurred expectations of more aggressive tightening and powered UST yields and USD higher. He stressed policy continuity and expressed confidence that inflation and wage growth would pick up. He also showed no anxiety over recent volatility in financial markets and higher long-term rates will dampen the economy. But we caution against an over-reaction to his testimony. Inflation is on the uptick but this is in the context of stronger growth outlook. The equity sell-off is also unlikely to persist as long as corporate earnings and forward projection remain optimistic. Focus now will be PCE core and Powell's testimony to the Senate Banking Committee on 1 Mar. Slower pace of inflation increase would ease market concerns and support sentiment. But a higher than expected print and hint from Powell that Fed is open to step up the pace of rate hikes could keep the USD supported.

US, IN GDP; EU, MY CPI In Focus

Key data/events we are watching today include US GDP; EU CPI; JN IP, retail sales; CN PMI; MY CPI; TH trade; IN GDP Note that TH and KR are out for public holidays tomorrow, and IN on Fri.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2233	↓ -0.68	USD/SGD	1.3243	↑ 0.63
GBP/USD	1.3909	↓ -0.42	EUR/SGD	1.62	↓ -0.06
AUD/USD	0.7789	↓ -0.84	JPY/SGD	1.2338	↑ 0.25
NZD/USD	0.7235	↓ -0.93	GBP/SGD	1.8419	↑ 0.20
USD/JPY	107.33	↑ 0.37	AUD/SGD	1.0315	↓ -0.21
EUR/JPY	131.3	↓ -0.30	NZD/SGD	0.9581	↓ -0.31
USD/CHF	0.9389	↑ 0.10	CHF/SGD	1.4104	↑ 0.53
USD/CAD	1.2776	↑ 0.75	CAD/SGD	1.0364	↓ -0.10
USD/MYR	3.908	↑ 0.13	SGD/MYR	2.9667	↓ -0.02
USD/THB	31.485	↑ 0.64	SGD/IDR	10374.99	↑ 0.00
USD/IDR	13679	↑ 0.14	SGD/PHP	39.5785	↑ 0.34
USD/PHP	52.191	↑ 0.50	SGD/CNY	4.7814	↓ -0.23

Implied USD/SGD Estimates @ 28 Feb-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3012	1.3277	1.3542

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com.sg

Leslie Tang
(65) 6320 1378
leslietang@maybank.com.sg

Christopher Wong
(65) 6320 1347
wongkl@maybank.com.sg

Fiona Lim
(65) 6320 1374
fionalim@maybank.com.sg

G7: Events & Market Closure

Date	Ctry	Event
27 Feb & 1 Mar	US	Fed Chair Powell's Congressional Testimony

AXJ: Events & Market Closure

Date	Ctry	Event
27 Feb	KR	BoK Meets
1 Mar	KR, TH	Market Closure
2 Mar	IN	Market Closure

G7 Currencies

■ **DXY - GDP, Chicago PMI on Tap Tonight.** Powell's testimony before the House Financial Services Committee overnight powered up the USD and UST yields. We interpret his remarks overnight as greater optionality for Fed to quicken the pace of tightening if need be, as economic conditions allow. And the consistent focus (not just from Powell but his colleagues at the Fed) on government spending plans and tax cuts appear to be an excuse that the Fed could consider additional rate hike this year (above its 3 hikes forward guidance this year). Specifically Powell painted an optimistic outlook of the US economy saying that that the outlook strengthened since Dec. He also cited factors such as passage of tax cut and stronger global growth. He reiterated policy continuity: "gradual rate increases while allowing balance sheet to shrink to more normal levels". He expressed confidence that recent shortfall in inflation is transitory and wage growth would pick up amid historically low levels unemployment rate and labor participation is not rising. He also said he is not worried that recent volatility in financial markets and higher long-term rates will dampen the economy. Equity and bond markets saw a sell-off overnight in response. But we caution against an over-reaction. True that inflation could be moving higher but this is in the context of stronger growth outlook. We think the equity sell-off is unlikely to persist as long as corporate earnings and forward projection remain optimistic. Looking ahead PCE core and another testimony from Powell to Senate Banking Committee on Thu will be another key focus. Slower pace of inflation increase would ease market concerns and support sentiment. But a higher than expected print (+1.5% consensus) and hint from Powell that Fed is open to step up the pace of rate hikes could keep the USD supported. Yesterday we shared about the area of resistance for the DXY at 90 - 90.50. We cautioned that if it breaks, USD could run higher towards 91.20 levels (50% fibo retracement of Dec high to Feb low). Failing which USD weakness could resume. Daily momentum and stochastics indicators are mild bullish bias and we do not rule out upside risks in the interim. Our house view remains for 3 Fed rate hikes this year. Synchronous global economic recovery, led by US, EU remains intact and it may be too soon to judge if recent inflation upticks could gather pace sustainably to warrant a shift for faster pace of rate hikes. As such we maintain our bias for broad USD downtrend and **look for opportunities on USD upticks to fade into.** Week remaining brings GDP (4Q); Chicago PMI (Feb); Pending Home Sales (Jan) on Wed; PCE Core, Personal Income & Spending (Jan); ISM Mfg (Feb) on Thu; Uni. Of Michigan Sentiment (Feb) on Fri.

■ **EURUSD - Political Events This Week Warrant Caution.** EUR traded lower amid broad USD rebound overnight. Pair traded to a low of 1.2222. Our tactical short (opened on 20 Feb at 1.2390) looking for a move lower towards second objective at 1.2210 was nearly met (First objective at 1.2330 was met). We retain EUR short but moved our SL to 1.2330. Our motivation for the trade idea was expectation for return of political risk premium. Pair was last seen at 1.2235 levels. Mild bearish momentum on daily chart remains intact while stochastics is entering into near-oversold conditions. Support at 1.2210 (38.2% fibo retracement of Dec double-bottom low to Jan-Feb triple top). Interim resistance at 1.24 before bigger

area of resistance at 1.2540 - 1.2560 (triple top). Caution that if key support at 1.2210 gives way, we warn of greater downside towards 1.2120 (50% fibo), 1.2020 (61.8% fibo). Bias remains to look for opportunity to buy on dips but respect the current downward momentum. This weekend is a big week for Europe. Sunday (4 Mar) brings the voting results of 440,000 SPD members on German coalition deal with Merkel and Italian General Election - all on the same day. Results of Italian election will only be released the following Monday, possibly after Asia market closes. We expect heightened volatility to persist till then. Polls are currently suggesting a hung parliament outcome. EUR could drift lower if the balance is tilted towards Berlusconi's centre-right coalition or Five Star Movement party. For Germany, leading SPD Mayors appear to back coalition deal with Merkel according to polls. A German coalition government appears to be priced in. We caution that no-deal surprise (low probability) could trigger EUR-long unwinding as fear of re-election may resurface. Week remaining brings CPI Estimates (Feb) on Wed; Mfg PMI (Feb); Unemployment rate (Jan) on Thu; PPI (Jan) on Fri.

- **GBPUSD - Downside Risk.** GBP traded lower overnight, in line with our call that risks in skewed to the downside. Move lower came amid *Brexit* uncertainty. In latest development, PM May is preparing to reject EU's draft Brexit deal when its published as May's government steps up its fight with the EU over the terms of UK's departure. Specifically senior official said that PM May won't accept separate North Ireland rules and will reject ECJ as arbiter of deal. Pair was last seen at 1.3910 levels. Mild bearish momentum on daily chart remains intact. Support at 1.3810 (61.8% fibo retracement of EU referendum high to Oct-2016 low). Resistance at 1.4150, 1.4270 (76.4% fibo). See the pair in wide range of 1.3810 - 1.4150, with risks skewed to the downside in the interim. Week remaining brings PMI (Feb) on Thu; Construction PMI (Feb) on Fri.
- **USDJPY - Bullish Bias.** USDJPY climbed back above the 107-levels amid higher UST yields and USD as new Fed Chair Powell's testimony spurred expectation of faster Fed tightening. Also supportive of the pair was the worst-than-expected dip in industrial production and retail sales in Jan. Industrial output fell 6.6% m/m in Jan (Dec: +2.9%) compared to market estimates for -4.0%. Retail sales slipped 1.8% y/y (Dec: +0.9%) vs. expectations of -0.6%. The data print suggests that economic growth may have paused in 1Q 2018 and provides little incentive for the BOJ to consider any plans to reduce its monetary stimulus at this point in time. We expect the BOJ's ultra-loose monetary policy to persist and keep the USDJPY supported ahead. Last seen around 107.43 levels. Momentum indicators on the daily chart show mild bullish bias, while stochastics continues to climb higher. Weekly momentum and stochastics though remains bearish bias. With our resistance level around 107.40 (38.2% fibo retracement of Feb high to low) taken out this morning, next resistance is around the 108-handle (50% fibo, 21DMA), 108.60 levels (61.8% fibo). Support still around the 106.70 levels (23.6% fibo), 106-levels. Remaining week has capital spending (4Q), Nikkei PMI mfg (Feb F), BOJ Kataoka speaks on Thu; jobless rate, household spending (Jan) on Fri.

- **NZDUSD - Focus on Terms of Trade Data Tomorrow.** NZD remains on a back foot, driven by exogenous factors in absence of domestic data. The move lower remains in line with our call for further pullback towards 0.72-0.7230 levels. Pair traded an intra-day low of 0.7220 this morning and was last seen at 0.7230 levels. Daily momentum and stochastics continue to indicate a mild bearish bias. Pullback towards 0.72 levels (38.2% fibo retracement of Nov-Dec double-bottom low to Jan-Feb double-top high), 0.7180 (200 DMA) should not be ruled out. Resistance at 0.7290 levels (23.6% fibo). Week remaining Terms of Trade (4Q) on Thu; Building Permits (Jan); Consumer Confidence (Feb) on Fri.

- **AUDUSD - Bears Came Back.** AUDUSD was slammed lower by the resurgence of the USD. The pair was indeed capped by the 0.7870-resistance (55-DMA) and then came off to test the 200-DMA at 0.7782. We watch as the 21-DMA cross the 50-DMA, 100-DMA and 200-DMA lower, a bearish signal for the pair. We are wary of bears and should USD continue to rise surge, pair may even test the 0.7770-support today. This is not helped by the fact that China released a PMI-mfg print at 50.3 that was much lower than anticipated at 51.3. USD rose on the back of hawkish Powell who assured that market volatility will not deter rate hikes. On the weekly chart, the AUDUSD pair seems vulnerable to the downside. A double top is seen at 0.8120 and the target of 0.76-figure seen. This pair needs to break the support at 0.7770 first before 0.7600. We have downgraded our 1Q forecast for AUDUSD from 0.80 to 0.7850, expecting the bears to stay a little longer in an environment of USD resurgence and heightened volatility. We also see a risk to our call for RBA to hike in May given the fact that federal agencies are no longer required to enter into enterprise agreements. This latest development could dampen wage increase and lower inflation pressure and push the rate action to the second half of the year, possibly in Aug. Week ahead brings Private Sector Credit (Jan) on Wed; **Private Capex (4Q)**; Commodity Index (Feb) on Thu.

- **USDCAD - Risks Still To the Upside.** USDCAD is on the upmove, buoyed by the rise in USD. Last seen at 1.2772. The 21-DMA has cut the 50-DMA and is on its way to cut 100-DMA and 200-DMA. Risks are to the upside beyond the near-term. Resistance at 1.2760 (76.4% Fibonacci retracement of the Dec-Feb fall) is broken and we look for this pair to reach the next level of 1.2850. The 2018-19 budget was released last night with the deficit forecasted to narrow to C\$18.1bn in the fiscal year that starts on 1 Apr from C\$19.4bn in the current year. Infrastructure spending is reduced by C\$7.2bn through 2019 and allocated to other departmental spending. The economy is projected to grow 2.2% through 2017 and 2022, taking into account 3% in 2017.

Asia ex Japan Currencies

- **SGD trades around 0.223% above the implied mid-point of 1.3277.** The top is estimated at 1.3012 and the floor at 1.3542.
- **USDSGD - Supported.** USDSGD gave up almost all of its Asian losses overnight to rebound back above the 1.32-levels amid higher UST yields and USD. The upmoves comes after Fed Chair Powell's signal of optimism for the US economy sent Fed rate hike expectations climbing higher. Pair is also tracking moves in the CNY. Markets will now eye Fed Chair Powell's testimony to Senate banking committee on 1 Mar for further clarity. Higher UST yields yesterday evening sent 3-month SOR climbing modestly by 0.7% to 1.33% yesterday. With UST yields edging higher, further upticks in the 3-month SOR are likely. Last seen at 1.3250 levels. Momentum indicators and stochastics show very mild bullish bias on the daily chart. Weekly chart still shows no strong bias in either direction. We look for a clean break of the 50-DMA (that has capped upside to date) for bullish extension towards 1.3270 levels (76.4% fibo retracement of the Feb high to low), 1.33-levels. Pullbacks should find support around 1.3232 (61.8% fibo) nearby before 1.32-levels (50% fibo, 21DMA). PMI (Feb) is on tap this Fri.
- **AUDSGD - Easing back.** AUDSGD eased in an environment of lower risk appetite and stronger USD, last printed 1.0319. This opens the way towards 1.0260. Bearish momentum persists but we see signs of a bullish reversal. Resistance seen at 1.0390, 1.0420 (55-DMA).
- **SGDMYR - Rebound Risks but Bias to Fade.** SGDMYR remains relatively steady; last seen at 2.9650 levels. Daily momentum shows signs of turning mild bullish. We do not rule out rebound risks but bias to fade into. Resistance at 2.9750 (61.8% fibo retracement of 2016 low to 2017 high), 2.9970 levels (50 DMA). Support at 2.95, 2.9270 levels (76.4% fibo).
- **USDMYR - CPI Data Today.** USDMYR rebounded amid USD strength and softness in oil prices overnight. Move higher is within our expectation for upside risks. Pair was last seen at 3.92700 levels. Mild bullish momentum on daily chart remains intact. Upside risks remain but bias remains to lean against rebound risks. Resistance at 3.9510 levels (38.2% fibo retracement of Jan high to low). Support at 3.88, 3.8660 (previous low). We reiterate our bias for MYR strength to continue in early part (next few months) of 2018 amid expectations for announcement for Malaysian GE (likely to be held in coming months), positive development in domestic fundamentals including shifts in investor sentiment, strong GDP outlook, widening current account surplus against supporting external environment - synchronous global economic recovery benefitting Asian exports including Malaysia and possibly see this extending into investment recovery in 2018. Furthermore there are also signs of stabilising commodity prices amid OPEC production cut extension and steady demand for oil prices. And we expect these drivers - both external and domestic to provide the near term support for MYR. This week data focus on CPI on Wed.
- **1m USDKRW NDF - 1077 - 1088 Range Intra-day.** 1m USDKRW rose relatively sharply this morning, reflecting the softness in risk

sentiment as well as USD strength overnight. Pair was last seen at 1080 levels. Daily momentum and stochastics indicators are not providing a clear bias. Resistance at 1082 (38.2% fibo retracement of 2018 low to high), 1088 (23.6% fibo). Support at 1077 (50% fibo), 1072 (50DMA, 61.8% fibo). Range of 1077 - 1088 expected intra-day.

- **USDCNH - Trapped in Recent Range.** USDCNH bounced back above the 6.30-figure, last seen around 6.3270. This pair remains choppy within 6.2810-6.3600. UST 10y rose to 2.89%. *CGB-UST 10y spread was last seen at 96bps as UST rates rose. USDCNH trades at a premium of 101pips to USDCNY this morning. PBoC fixed the USDCNY reference rate at 6.33294, 148pips higher than the previous 6.3146. CNYMYR was fixed 4 pips higher at 0.6184 vs. previous at 0.6180. EURCNY was fixed 401 pips lower at 7.7355 vs. the previous at 7.7756. PMI-mfg came in at a shocking 50.3 vs. the expected 51.3. The China Logistics Information Centre assured that this is due to the holiday-shortened month. Operations were exceptionally affected by the Lunar New Year holidays which fell on the middle of the month. However, overall, output seems to be stable and demand is still healthy. PBoC skipped OMO again today. In the medium term, we continue to look for China to ease capital controls. That could bring about bouts of weakness in the CNY against the USD as mainland market players, investors, merchants rush to meet their pent-up demand. More two-way volatility in the CNY and CNH against the USD could be a new norm as China allows the RMB to be more market-determined. We see this as a risk for USDCNH and USDCNY to head higher but yuan depreciation is unlikely to sustain. Over 2018, we still look for mild appreciation in the CNY against the USD to 6.10 by the end of the year. President Xi will hold the third plenum to select the next monetary and financial regulators between 26-28 Feb. This is ahead of the NPC meeting which would start on the 5th of Mar and CPPCC which starts on 3rd Mar. Week ahead has Caixin PMI on Thu.*
- **1M USDINR NDF - Rally.** 1M NDF swung higher overnight, buoyed by the rise in USD, last seen around 65.50. We did warn that pullbacks could be brief. This pair tracks the USD pretty well and the rise in UST yields aided the upmove. Market volatility is unlikely to end and the fall in 10y sovereign bond yields might see a reversal today. Investors have been concerned about the rising current account deficit and slipping real rates that have unwound carry trade. The recent oil rise could also weigh on sentiments at home as well. Investors bought U\$131.4 of equities on Fri and sold U\$195.7mn of bonds. 10y yield fell to 7.666%. For the 1M USDINR NDF, prices could be capped by the resistance at 65.52. A break there could open the way towards last Nov high at 65.89 before Sep high of 66.20. Support at 65.10. Week ahead has PMI for Feb and 4Q GDP today. The coal ministry said that foreign investors are now free to acquire coal. There will be no restrictions on the sale of coal from the auctioned blocks and the successful bidder will be free to sell the coal in any manner, including exports.
- **1m USDIDR NDF - Still Pushing Higher.** 1m USDIDR NDF is trading higher amid higher UST yields and USD. Reduction in short USDIDR positions has sent the 1m NDF to a new 2018 high of 13759 briefly this morning. As well, foreign portfolio flows are likely to be supported of the 1m NDF intraday given the weakness in global

equities and higher UST yields. Unlike yesterday where foreign investors purchased USD28.2mn in equities and USD105.3mn in debt on 23 Feb (latest data available), we are likely to see foreign portfolio outflows intraday that is likely to keep the 1m NDF elevated. Focus ahead will be on CPI print on Thu. A weak CPI print could see even further paring of short-USDIDR positions ahead, weighing on the IDR and keep the 1m NDF supported. Given USD strength, it is not surprising that spot USDIDR gapped higher at the opening to 13722 (a new 2018 high not seen) this morning from yesterday's close of 13679. Last seen around 13749 levels. Both daily and weekly chart and stochastics are mildly bullish bias. This suggests risks to the 1m NDF remains to the upside. New resistance is around the 13800-levels, 13850 levels. Support is around 13700-levels, 13640 (23.6% fibo retracement of the Jan low to Feb high). JISDOR was fixed at 13650 on yesterday, 9 pips lower than the fixing on Mon. CPI (Feb), Nikkei PMI mfg (Jan) are on tap tomorrow.

- **1m USDPHP NDF - *Limited Downside***. 1m USDIDR NDF is paring some of its overnight gains possibly on profit-taking. 1m NDF had climbed higher yesterday after BSP deputy governor Diwa Guinigundo downplayed inflation risks and suggested that there was no need to tighten policy at this point and on the hawkish stance of new Fed Chair Powell that sent UST yields and USD higher. Weak sentiments saw foreign investors sell USD5.3mn in equities yesterday. The global equity sell-off this morning is likely to also weigh on Philippine equities and further outflows is likely. This should continue to keep the 1m NDF supported and limit further downside intraday. These concerns were reflected in the sell-off of USD29.6mn in equities yesterday. Further sell-off should keep the 1m NDF supported intraday. Spot USDPHP gapped lower at the opening to 52.156 this morning from yesterday's close of 52.191. Last seen around 52.290. Daily momentum indicators show very mild bearish bias, while stochastics continues to fall from overbought conditions. Weekly chart though shows bullish bias and stochastics fast approaching overbought conditions. Still, 50DMA has cut the 200DMA and 100DMA to the upside, a bullish signal. Support is around 52-handle before 51.60 (38.2% fibo retracement of the Jan low to Feb high). Resistance is at 52.70 (2018 high). Nikkei PMI mfg (Feb) is on tap tomorrow.
- **USDTHB - *Edging Mildly Lower***. USDTHB is trading softer after climbing higher overnight amid higher UST yields and USD. THB continues to be supported by foreign portfolio inflows with foreign investors purchasing USD13.6mn and USD36.5mn in equities and debt yesterday. Further inflows should weigh on the 1m NDF. Eyed ahead will be current account balance today and CPI on Fri. Higher inflation could increase speculation of a BoT rate adjustment, while a stronger current account surplus could keep the THB supported ahead. Last seen around 31.47. Bullish bias on the daily chart is rising, while stochastics is climbing higher from oversold conditions. Momentum indicators and stochastics on the weekly chart though show no clear bias and stochastics in oversold condition. Support is around 31.370 (23.6% fibo retracement of the Feb high to low). Next resistance is around 31.570 (50% fibo). BoP overall balance, trade (Jan) are on tap today; CPI, Nikkei PMI mfg (Feb), foreign reserves (23 Feb) on Fri. **Onshore markets will be closed tomorrow for a public holiday and re-opens tomorrow.**

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.39	3.41	+2
5YR MI3/22	3.60	3.61	+1
7YR ML9/24	3.97	3.98	+1
10YR MO11/27	4.05	4.03	-2
15YR MX4/33	4.47	4.47	Unchanged
20YR MX4/37	4.62	4.62	Unchanged
30YR MZ3/46	4.83	4.82	-1
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.77	3.77	-
3-year	3.84	3.84	-
5-year	3.92	3.93	+1
7-year	4.04	4.02	-2
10-year	4.20	4.18	-2

Winson Phoon
(65) 6231 5831
winsonphoon@maybank-ke.com.sg

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

Source: Maybank KE

*Indicative levels

- For govies, 10y MGS retap posted decent bid/cover of 2.07x and average yield of 4.055%. March will see four govvy auctions in a month for the first time, with 30y GII 5/47 retap up first. Secondary market was quiet. Some short covering in 10y MGS post auction, but lack of follow through buying after the bond fell 2bps from auction average. MGS yields closed mixed, up 1-2bps along 3y7y but down 1-2bps at the long end. Market awaits next week's MPC meeting. While no change is expected, all eyes will be on the language for directional cues.
- MYR IRS curve was largely unchanged except for the back end coming off by 1-2bps. It was a muted day with nothing dealt as players remain squared ahead of Powell's testimony. 3M KLIBOR stayed put at 3.69%.
- Corporate bonds market was also quiet. Better selling in the GG space with Danainfra 2032s and 2045s wider by 1bp. AAA credits held firm, tightening 1bp with Tenaga 2037s bought up in good amounts. In AA, DUKE3 was the most active but levels were mostly unchanged. Sentiment in secondary market remains shaky as only selected HG names are well bid.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.63	1.64	+1
5YR	2.00	2.00	-
10YR	2.38	2.37	-1
15YR	2.71	2.69	-2
20YR	2.79	2.74	-5
30YR	2.91	2.88	-3

Source: Maybank KE

- SGS started on a constructive tone with the curve flattening as buying focused at the long end. PDs covered short hedge in the 20y benchmark, while the 30y remained subdued. Short end SGS was pressured after yields cut high for 1m and 3m MAS bills and elevated short term funding costs increased selling pressure. SGS curve may flatten further in the near term as long end supply is gradually absorbed.
- In Asia credit market, newly issued bonds such as that of ICBC Dubai and Industrial Bank traded thinly and were biased to the selling side, albeit small. Indonesia sovereign bonds traded slightly better as UST moved in a tight range. Malaysia sovereign and quasi bonds saw more sellers in the 10y bucket. Otherwise, most players were sidelined ahead of Powell's first testimony.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.40	5.45	5.29
5YR	5.80	5.85	5.46
10YR	6.42	6.47	4.62
15YR	6.95	6.94	(0.82)
20YR	7.25	7.27	2.41
30YR	7.53	7.53	-

* Source: Maybank Indonesia

Analysts

Anup Kumar (Fixed Income Analyst)
(62) 21 2922 8888 ext 29692
akumar@maybank.co.id

Myrdal Gunarto (Economist)
(62) 21 2922 8888 ext 29695
MGunarto@maybank.co.id

- Indonesia bond market closed lower during Friday trading session after awarded WAY of the offered series during the auction were noted higher compared to Monday close. IGB yield moved higher prior to Fed Powell testimony before U.S. Senate and House. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.852%, 6.467%, 6.943% and 7.272% while 2y yield moved lower to 5.453%. During the day, FR0066 (2mo) yield decline the most by 8bps while FR0063 (5y benchmark series) yield increased the most by 6bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 33bps). Trading volume at secondary market was noted heavy at government segments amounting Rp23,719b with FR0063 (5y sukuk) as the most tradable bond. FR0063 total trading volume amounting Rp6,320b with 105x transaction frequency.
- Indonesian government conducted their bi-weekly conventional auctions yesterday and received heavy incoming bids worth of Rp41.09t versus its target issuance of Rp17.00t or oversubscribed by 2.42x. However, DMO only awarded Rp23.10t bids for its 3mo, 1y, 5y, 15y, and 20y bond offered series. Incoming bids were more clustered on the belly tenor. 3mo SPN was sold at a weighted average yield (WAY) of 4.07704%, 1y SPN was sold at 4.98064%, 5y FR0063 was sold at 5.85992%, 15y FR0065 was sold at 6.99000% while 20y FR0075 was sold at 7.29000%. No bids were rejected during this auction. Bid-to-cover ratio during the auction came in at 1.13X - 2.56X. Foreign incoming bids during the auction were noted Rp4.41t or 10.7% of total incoming bids. However, only Rp3.01t bid (13.0% of total awarded bids) were awarded to foreign investors.
- Foreign ownership stood at Rp856.5t or 40.3% of total tradable government bond as of Feb 23rd. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp10.2t from begin month Feb 18.
- Corporate bond traded thin amounting Rp589b. LTLS02BCN2 (Shelf Registration II Lautan Luas Phase II Year 2017; B serial bond; Rating: idA-) was the top actively traded corporate bond with total trading volume amounted Rp85b yielding 9.998%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2391	108.16	0.7899	1.4060	6.3538	0.7330	132.5000	84.3717
R1	1.2312	107.74	0.7844	1.3985	6.3401	0.7283	131.9000	83.9883
Current	1.2232	107.14	0.7792	1.3911	6.3281	0.7233	131.0400	83.4810
S1	1.2188	106.85	0.7759	1.3846	6.3002	0.7210	130.9900	83.4003
S2	1.2143	106.38	0.7729	1.3782	6.2740	0.7184	130.6800	83.1957
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3312	n/a	13712	52.4470	31.6803	1.6311	0.6227	2.9750
R1	1.3277	n/a	13696	52.3190	31.5827	1.6256	0.6207	2.9709
Current	1.3246	3.9265	13709	52.0680	31.4750	1.6202	0.6213	2.9645
S1	1.3177	n/a	13655	51.9710	31.3147	1.6161	0.6165	2.9629
S2	1.3112	n/a	13630	51.7510	31.1443	1.6121	0.6143	2.9590

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

Equity Indices and Key Commodities

	Value	% Change
Dow	25,410.03	-1.16
Nasdaq	7,330.35	-1.23
Nikkei 225	22,389.86	1.07
FTSE	7,282.45	-0.10
Australia ASX 200	6,056.86	0.24
Singapore Straits Times	3,540.39	-0.43
Kuala Lumpur Composite	1,871.46	0.61
Jakarta Composite	6,598.93	0.68
Philippines Composite	8,592.38	1.09
Taiwan TAIEX	10,836.70	0.39
Korea KOSPI	2,456.14	-0.05
Shanghai Comp Index	3,292.07	-1.13
Hong Kong Hang Seng	31,268.66	-0.73
India Sensex	34,346.39	-0.29
Nymex Crude Oil WTI	63.01	-1.40
Comex Gold	1,318.60	-1.07
Reuters CRB Index	195.39	-0.69
MBB KL	10.46	0.58

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.3058	Apr-18	Neutral
BNM O/N Policy Rate	3.25	7/3/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	22/3/2018	Neutral
BOT 1-Day Repo	1.50	28/3/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	22/3/2018	Tightening Bias
CBC Discount Rate	1.38	22/3/2018	Neutral
HKMA Base Rate	1.75	-	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	1.50	22/3/2018	Tightening
ECB Deposit Facility Rate	-0.40	8/3/2018	Easing Bias
BOE Official Bank Rate	0.50	22/3/2018	Neutral
RBA Cash Rate Target	1.50	6/3/2018	Neutral
RBNZ Official Cash Rate	1.75	22/3/2018	Neutral
BOJ Rate	-0.10	9/3/2018	Easing
BoC O/N Rate	1.25	7/3/2018	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	78	3.099	3.172	3.099
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	25	3.166	3.168	3.137
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	15	3.322	3.322	3.322
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	58	3.329	3.329	3.307
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	70	3.451	3.451	3.441
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	1	3.436	3.436	3.436
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	104	3.441	3.477	3.397
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	130	3.383	3.405	3.383
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	152	3.594	3.615	3.594
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	223	3.49	3.49	3.461
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	161	3.621	3.621	3.607
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	6	3.774	3.782	3.774
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	243	3.821	3.832	3.792
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	414	3.83	3.851	3.814
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	16	3.965	3.966	3.965
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	29	3.975	3.989	3.968
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	204	4.056	4.079	4.051
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	20	4.085	4.114	4.085
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	425	4.112	4.126	4.105
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	4	4.153	4.153	4.153
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	1,101	4.03	4.083	4.024
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	29	4.493	4.493	4.483
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	1	4.543	4.543	4.543
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	94	4.467	4.472	4.45
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	18	4.611	4.619	4.611
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	20	4.799	4.806	4.799
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	15	4.821	4.851	4.821
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	229	3.174	3.302	3.174
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	99	3.201	3.201	3.201
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	111	3.885	3.885	3.86
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	1	4.012	4.012	4.012
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	5	4.142	4.142	4.142
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	25	4.136	4.152	4.134
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	130	4.11	4.112	4.104
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	1	4.337	4.337	4.337
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	40	4.232	4.232	4.225
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	220	4.593	4.595	4.593

Total

4,515

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
DANAINFRA IMTN 4.890% 25.05.2032 - Tranche No 64	GG	4.890%	25-May-32	50	4.849	4.851	4.849
DANAINFRA IMTN 5.05% 06.04.2045 - Tranche No 36	GG	5.050%	6-Apr-45	20	5.268	5.271	5.268
EKVE IMTN 5.550% 29.01.2029	AAA (BG)	5.550%	29-Jan-29	1	4.825	4.827	4.825
DANGA IMTN 4.940% 26.01.2033 - Tranche 8	AAA (S)	4.940%	26-Jan-33	50	4.929	4.931	4.929
TENAGA IMTN 03.08.2037	AAA	5.180%	3-Aug-37	135	5.1	5.106	5.1
YTL POWER MTN 2556D 24.8.2018	AA1	4.350%	24-Aug-18	1	4.979	4.979	4.621
MBSB (SCSM) IMTN 4.450% 10.12.2019	AA1	4.450%	10-Dec-19	15	4.512	4.523	4.512
TMSB Senior Sukuk Murabahah 21.10.2022 (Tranche 1)	AA1	4.750%	21-Oct-22	20	4.6	4.601	4.6
YTL POWER MTN 3651D 24.3.2023	AA1	4.490%	24-Mar-23	10	4.63	4.637	4.63
TMSB Senior Sukuk Murabahah 23.10.2025 (Tranche 4)	AA1	4.950%	23-Oct-25	10	4.768	4.769	4.768
TMSB Senior Sukuk Murabahah 23.10.2026 (Tranche 5)	AA1	5.000%	23-Oct-26	10	4.839	4.84	4.839
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	3-May-27	10	4.889	4.892	4.889
SAMALAJU IMTN 5.55% 28.12.2028 - Issue No. 6	AA1 (S)	5.550%	28-Dec-28	3	5.037	5.038	5.037
TMSB Senior Sukuk Murabahah 21.10.2033(Tranche 12)	AA1	5.600%	21-Oct-33	10	5.239	5.241	5.239
TMSB Senior Sukuk Murabahah 23.10.2035(Tranche 14)	AA1	5.900%	23-Oct-35	10	5.499	5.501	5.499
KRUNG THAI 5.100% 04.07.2025 - Tranche No 1	AA2	5.100%	4-Jul-25	2	4.446	4.45	4.446
WCT MTN 1826D 09.4.2018	AA-	4.200%	9-Apr-18	4	4.086	4.132	4.086
GAMUDA IMTN 13.03.2019	AA3	4.620%	13-Mar-19	5	4.299	4.299	4.299
IJM IMTN 4.600% 10.04.2019	AA3	4.600%	10-Apr-19	10	4.299	4.299	4.299
COUNTRY GDN IMTN 6.600% 23.02.2023 - Issue No 2	AA3 (S)	6.600%	23-Feb-23	10	6.539	6.541	6.539
KESTURI IMTN 4.25% 01.12.2023 - IMTN 5	AA- IS	4.250%	1-Dec-23	20	4.667	4.671	4.667
CIMB THAI 5.600% 05.07.2024 - Tranche No 1	AA3	5.600%	5-Jul-24	50	4.787	4.81	4.787
RHBBANK MTN 5479D 29.4.2025	AA3	5.600%	29-Apr-25	10	4.499	4.501	4.499
LDF3 IMTN 5.240% 23.08.2027	AA- IS	5.240%	23-Aug-27	10	4.79	4.794	4.79
JEP IMTN 6.200% 04.12.2031 - Tranche 22	AA- IS	6.200%	4-Dec-31	15	5.096	6.109	5.088
JEP IMTN 6.240% 04.06.2032 - Tranche 23	AA- IS	6.240%	4-Jun-32	10	5.139	5.152	5.139
LDF3 IMTN 5.950% 23.08.2034	AA- IS	5.950%	23-Aug-34	10	5.184	5.186	5.184
LDF3 IMTN 6.130% 22.08.2036	AA- IS	6.130%	22-Aug-36	2	5.308	5.308	5.308
TCMH MTN 1824D 22.11.2019	A1	4.500%	22-Nov-19	6	6.04	6.046	6.04
Total				519			

Sources: BPAM

DISCLAIMER

This report is for information purposes only and under no circumstances is it to be considered or intended as an offer to sell or a solicitation of an offer to buy the securities or financial instruments referred to herein, or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy. Investors should note that income from such securities or financial instruments, if any, may fluctuate and that each security's or financial instrument's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities and/or financial instruments or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Malayan Banking Berhad and/or its affiliates and related corporations (collectively, "Maybank") and consequently no representation is made as to the accuracy or completeness of this report by Maybank and it should not be relied upon as such. Accordingly, no liability can be accepted for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Maybank and its officers, directors, associates, connected parties and/or employees may from time to time have positions or be materially interested in the securities and/or financial instruments referred to herein and may further act as market maker or have assumed an underwriting commitment or deal with such securities and/or financial instruments and may also perform or seek to perform investment banking, advisory and other services for or relating to those companies whose securities are mentioned in this report. Any information or opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. Maybank expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

This report is prepared for the use of Maybank's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank. Maybank accepts no liability whatsoever for the actions of third parties in this respect. This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

Published by:



Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange

Singapore

Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com.sg
(+65) 6320 1379

Leslie Tang

Senior FX Strategist
leslietang@maybank.com.sg
(+65) 6320 1378

Christopher Wong

Senior FX Strategist
Wongkl@maybank.com.sg
(+65) 6320 1347

Fiona Lim

Senior FX Strategist
Fionalim@maybank.com.sg
(+65) 6320 1374

Fixed Income

Malaysia

Winson Phoon Wai Kien
Fixed Income Analyst
winsonphoon@maybank-ib.com
(+60) 3 20747176

Se Tho Mun Yi

Fixed Income Analyst
munyi.st@maybank-ib.com
(+60) 3 2074 7606

Indonesia

Juniman

Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Anup Kumar

Fixed Income Analyst
akumar@maybank.co.id
(+62) 21 2922 8888 ext 29602

Myrdal Gunarto

Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales

Malaysia

Adoni Mastura Bte Mohamed Idris
Head of Global Markets, KL
adonimastura@maybank.com
(+60) 3 27869106

Singapore

Loo Hin Chong
Head of Corporate Sales, Singapore
Loohc@maybank.com.sg
(+65) 6320 1339

Indonesia

Sales, Indonesia
(+62) 21 29936399
(+62) 21 2300888 ext 22122

China (Shanghai)

Eddy Lui
GM Head, Greater China
eddy.lui@maybank.com.hk
(+852) 35188816

Joyce Ha

Senior Sales Dealer
joyce.ha@maybank.com.cn
(+86) 21 28932588