

Global Markets Daily

(Resend) Will Yellen Surprise?

Time to Hike?

This week sees the last monetary policy meeting that Fed Yellen chairs and we see a mild risk of her making a move on the Fed Fund Target rate to end her term. The data released last Fri suggests that growth momentum is humming along and core PCE for 4Q came in rather close to the inflation target at 1.9%q/q. Personal consumption accelerated 3.8%q/q in that period from just 2.2%. In a case of a surprise rate hike, we see only knee jerk reactions in the USD, equities and bonds. With growth and inflation gaining traction, markets are likely to take a 25bps rate increase in their stride even if it is a surprise. Another event to note out of the US is Trump's State of the Union speech on Tue night (Wed morning in SGT) which could unveil plans on infrastructure spending - a typical positive USD driver.

USD Weakness To Stay?

Even as Trump is due to make his State of Union Address this week, USD is little inspired as we write at this point. Perhaps the bulls are taking their time or perhaps the countercyclicality of the USD is dominant given the sanguine growth environment. Other drivers we watch include base metals and the monetary policy shifts in other central banks. Iron ore has been showing some signs of correction and that could herald some downsides for the AUD. The EUR has been supported as markets are positioned for ECB to end asset purchases. However, gains in the EUR could be capped as rate hike story could come much later.

Global PMIs; AU, US, EU, ID CPIs

Some of the key data/events we watch this week include US PCE core, personal income and spending data for Dec. For Tue, US and EU consumer confidence; EU GDP; AU business confidence; NZ trade; JP retail sales; BoE Carney to speak. For Wed, US ADP employment change, Chicago PMI, pending home sales; AU CPI; JP IP; China NBS PMIs. For Thu, US ISM Mfg; EU, UK, PH PMIs; China Caixin Mfg PMI; AU building approvals; ID CPI; IN Federal Budget. For Fri, US payrolls report, Fed's Williams to speak; EU PPI; NZ net migration; UK construction PMI, SG and MY PMIs.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2427	↑ 0.25	USD/SGD	1.3074	↓ -0.20
GBP/USD	1.416	↑ 0.13	EUR/SGD	1.625	↑ 0.06
AUD/USD	0.811	↑ 1.05	JPY/SGD	1.204	↑ 0.53
NZD/USD	0.735	↑ 0.34	GBP/SGD	1.8512	↓ -0.08
USD/JPY	108.58	↓ -0.76	AUD/SGD	1.0604	↑ 0.82
EUR/JPY	134.96	↓ -0.50	NZD/SGD	0.9623	↑ 0.27
USD/CHF	0.9324	↓ -0.88	CHF/SGD	1.4015	↑ 0.65
USD/CAD	1.2308	↓ -0.56	CAD/SGD	1.0614	↑ 0.24
USD/MYR	3.871	↓ -0.37	SGD/MYR	2.9655	↓ -0.52
USD/THB	31.342	↓ -0.38	SGD/IDR	10196.05	↑ 0.29
USD/IDR	13306	↑ 0.13	SGD/PHP	39.021	↑ 0.20
USD/PHP	50.92	↑ 0.05	SGD/CNY	4.838	↓ -0.32

Implied USD/SGD Estimates @ 29 Jan-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.2902	1.3163	1.3425

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G7: Events & Market Closure

Date	Ctry	Event
29 Jan	NZ	Market Closure
30 Jan	US	State of the Union Address by President Trump
30-31 Jan	US	FOMC Meeting

AXJ: Events & Market Closure

Date	Ctry	Event
30 Jan	MY	Market Closure
31 Jan	MY	Market Closure
1 Feb	IN	Federal Budget

G7 Currencies

- **DXY - Another Volatile Week for USD.** Busy week ahead for the US with key focus on PCE core today; Trump's first state of the union address on Wed (10am SG/KL time), FoMC meeting decision on Thu (3am SG/KL time) and payrolls report on Fri. Trump's State of the Union speech could unveil plans on infrastructure spending (which may provide some support for the USD if it manages to surprise). For the upcoming FoMC meeting (also Yellen's last meeting as Chairwoman) this Wed, neither the market nor us is expecting any rate hike but if it make a surprise hike, that could be USD positive. Our house view still expects the Fed to embark on gradual pace of rate increases (i.e. 2 to 3 rate hikes) this year. On data release last Fri, PCE core rose to 1.9% q/q in 4Q (vs. 1.3% in 3Q) while 5y5y breakeven inflation has risen above 2.4%. Durable goods orders also rose in Dec. There could be chance of an upgraded assessment in the Fed's accompanying statement this week (no press conference is scheduled). As of writing, USD remains on a back foot. DXY was last seen at 89.05 levels. Bearish trend channel formed since start of 2017 remains intact. Bearish momentum on monthly, weekly and daily charts are also intact. Trend remains your friend though stochastics is cautioning for oversold conditions and that DXY could face some rebound risks. Resistance at 91.20 (38.2% fibo). Next key support levels seen at 87.30 (50% fibo retracement of 2008 low to 2017 high) and 83.35 (61.8% fibo). Week ahead brings PCE Core, Personal Income/spend (Dec); Dallas Fed Mfg Activity (Jan) on Mon; Conference Board Consumer Confidence (Jan) on Tue; Trump's State of the Union Address; ADP Employment Change (Jan); Chicago PMI (Jan); Pending Home Sales (Dec) on Wed; FoMC Meeting (1 Feb, 3am SG/KL time); ISM Mfg (Jan); Mfg PMI (Jan) on Thu; NFP, Unemployment rate, Avg hourly earnings (Jan); Factory orders/durable goods (Dec); Uni of Michigan Sentiment (Jan); Fed's Williams speaks on Fri.
- **EURUSD - Tactical Sell on Rally but Strategic Bias to Buy on Dips.** EUR remained better bid amid broad USD weakness. On ECB speaks over the weekend, Governing Council member Knot said ECB should make it clear how it will end its asset purchases as soon as possible after the current QE program ends in Sep. He added that ending the QE would give room to start looking at the possibility of increasing interest rates in 2019. EUR was last seen at 1.2420 levels. Bullish momentum on monthly, weekly chart remains intact though stochastics is in overbought conditions. Next resistance at 1.2540, 1.2598 (61.8% fibo retracement of 2014 high to 2016 low). We caution for the risk of near term pullback amid political events - German coalition talks (pending SPD members final vote amid high expectations for coalition talks to proceed fast) and Italy elections on 4 Mar (watch opinion poll results that could swing sentiment). Support at 1.2320 (previous high now turned support) before 1.2131 (21 DMA). That said we believe these are short term hurdles to slow the pace of EUR appreciation, if any. Favor tactical sell on rally (at current levels) but strategic bias to buy on dips towards 1.21 levels. We maintain a positive outlook (upward trending) on growing demand for EUR as a share of world FX reserves, sustained signs of economic recovery broadening in Europe, supported by private consumption, business sentiment, construction investment, sizeable current account surplus (3% of GDP) and export recovery, political

risks gradually abating in Europe (though caution is still warranted pertaining to German coalition talks and Italy General Elections in Mar) and ECB policy normalisation (which could play catch up with the Fed). USD side of the equation also matters here given that broad USD downtrend may amplify EUR's gains. Week ahead brings GDP (4Q); Consumer Confidence (Jan) on Tue; ECB Mersch speaks; Unemployment rate (Dec); CPI (Jan) on Wed; Mfg PMI (Jan) on Thu; PPI (Dec) on Fri.

■ **GBPUSD - Risk of Pullback.** Slightly better than expected 4Q GDP (+1.5% y/y vs. +1.4% expected) saw GBP traded an intra-day high of 1.4285 on Fri before easing off. Though latest data surprised to the upside, growth was at its slowest in 5 years. GBP was last seen at 1.4130 levels. Bullish momentum on daily chart remains intact though stochastics is showing signs of falling from overbought conditions. Support at 1.4080, 1.38 (61.8% fibo). Resistance at 1.4270 (76.4% fibo retracement of EU referendum high to Oct-2016 low), 1.45 levels. Bias to buy on dips. Focus this week on BoE Carney's address to lawmakers on Tue and a slew of PMIs. The recent rise in GBP above 1.40-handle apparently did not seem to create any discomfort with policymakers and we think this could be due to increase in policymakers' tolerance to arrest rising prices. With positive development on Brexit so far - Spain and Netherlands' preference for soft Brexit, influential lawmakers in EU parliament reportedly considering watering down legislative proposals relating to clearing houses, helps to dissipate fears of negative impact on London's financial centre, we expect GBP to remain a buy on dips. This is especially so in the environment of USD weakness which could amplify GBP strength. Week ahead brings BoE Carney speaks before lawmakers; M4 (Dec) on Tue; GfK consumer confidence (Jan) on Wed; PMI Mfg (Jan) on Thu; Construction PMI (Jan) on Fri.

■ **USDJPY - Lean Against Strength.** USDJPY has been trading to the downside for the past week, weighed by broad USD weakness and despite rising UST yields. Speculation of a BOJ tapering continues to linger and is keeping the JPY supported. This was evident last Fri when market took BOJ governor Kuroda's comments in Davos that inflation was close to the target as a signal of a change in inflation outlook and possible tapering by the central bank consequently, sending the USDJPY lower to 108.28 levels (new 2018 low). Clarification by the BOJ later though smooth sentiments and helped the pair to rebound. Other risk factors this way that could keep the pair whippy includes Trump's State of the Union address, FOMC meeting and US ADP on Wed, and US NFP on Fri. Failure to surprise on the upside could keep the USD weighed and put further upside pressure on the JPY. Last seen at 110.70-levels. Bearish bias on both the daily and weekly charts remain intact. Key support at 108.30 (trend line support from the lows of 2012 to 2016). A break of this level could see bearish extension towards 106.50 levels (61.8% fibo retracement of the 2016 low to high). Resistance at 109.50, 110 levels. Bias to sell on rallies toward those levels. Week ahead has jobless rate, retail sales (Dec) on Tue; industrial production, housing starts (Dec), BOJ summary of opinions, BOJ Iwata to speak on Wed; Nikkei PMI mfg (Jan F) on Thu. Note that the MOF, FSA and BOJ will hold a meeting on markets at 430pm Japan time today.

- **NZDUSD - Tactical Short Bias.** NZD traded lower, in line with our short bias call. We reinstated our tactical NZD short at 0.7330 for a move towards 0.7260 (61.8% fibo retracement of Jul high to Nov low), 0.7170 (50% fibo) objectives. SL at 0.7450. Resistance at 0.7380 (76.4% fibo), 0.7440 levels. Bullish momentum on daily chart is waning while stochastics show signs of falling from overbought conditions. We continue to look for a pullback. Week ahead brings Trade (Dec) on Tue; NZ Finance Minister speaks on Wed (530am SG/KL time); Net Migration, Building Permits (Dec); Consumer Confidence (Jan) on Fri.
- **AUDUSD - Double Topped.** AUDUSD made another attempt to break the 0.8125-resistance last Fri and this morning, this pair reversed lower. Base on weekly chart, AUDUSD has made double top at the 0.8125-resistance level. Insofar, the AUD has been underpinned by strong base metal prices and better data even though wage pressure is still illusive. We do not expect these factors to dissipate in the medium term though some corrections in base metal prices could pull the antipode lower. Eyes are on iron ore prices which looked like it's forming a tentative top at around USD75/bbl. We look for a 50% retracement of the Oct -Jan rally towards USD66. AUD could be pulled along and momentum indicators are turning lower. Look for the AUDUSD to head towards 0.7940, before 0.7890. Strong resistance remains at 0.8100, 0.8125 levels (2017 high). We would like to re-enter a short AUDUSD position at (spot ref. of 0.8096) for a target of 0.7888. Stoploss at 0.8125. Eyes on 4Q CPI this week. *Week ahead brings NAB Business Confidence (Dec) on Tue; Private sector credit (Dec); CPI (4Q) on Wed; Building Approvals (Dec); Import, Export Price Index (4Q) on Thu; PPI (4Q) on Fri.*
- **USDCAD - GDP, PMI on Tap this Week.** USDCAD remain weighed this morning as WTI crude remains close to its 2-year high at \$66.26/bbl. Last week, CPI came in at 1.9% y/y (near the 2% target), while core inflation rose 1.6% y/y higher than previous 1.5%. Although this showed a considerably firm inflation print, we could still expect the BoC to be on pause till 2nd half of 2018 until wage growth begins to show sign of picking up. NAFTA remains a key issue for BoC. Final day of NAFTA talks ends with Ministerial meeting later today between 3 countries' representative. Last seen at 1.2318 levels. Resistance is now at 1.2390 (61.8% fibo retracement from Oct high to Sep low), 1.2444 (21 DMA). Support remains at 1.2300, 1.2264 (76.4% fibo). Daily and weekly chart shows stochastics nearing oversold levels. USDCAD could remain weighed ahead of GDP and PMI data this week. However, do not rule out some rebound risks. Week ahead brings GDP, IP, Raw Materials Price Index on Wed; Mfg PMI on Thu.

Asia ex Japan Currencies

- **SGD trades around 0.63% above the implied mid-point of 1.3163. We estimate the top at 1.2902 and the floor at 1.3425.**
- **USDSGD - Risks Still To The Downside.** USDSGD has been on the broad downtrend since mid-Dec 2017 amid broad USD weakness. Still, key risks events/data this week, namely Trump's State of the Union address, FOMC meeting and US ADP on Wed, and US NFP on Fri, could be supportive of the pair should there be upside surprises. Softer UST yields on Fri weighed mildly on the 3-month SOR, which fell by 0.1% to 0.4% to 1.03%. Firmer UST yields this week though could weigh on the 3-month SOR. Last seen around 1.3088 levels. Bearish bias on the daily chart remains intact, while stochastics shows tentative signs of turning higher from oversold conditions. Weekly momentum indicators remains bearish bias while stochastics is still at oversold conditions. Though trend remains your friend, we caution for rebound risks. Resistance is at 1.32-levels (61.8% fibo retracement of the 2014 low to 2017 high). Support at the 1.30-levels before 1.2880 (76.4% fibo). Quiet week ahead with just PMI (Jan) due on Fri.
- **AUDSGD - Risks To The Upside For Now.** This cross managed to clock the 7th consecutive bullish candlestick on the weekly chart but this cross is hovering around the 200-WMA at around 1.0590. While weekly MACD is still bullish, stochs are in oversold conditions, Resistance is seen around 1.0700 (23.6% fibo retracement of the Jun 2016- 2017 high rally). Risks are to the upside for now but wary of hurdles ahead. Support at 1.0540(38.2% fibo).
- **SGDMYR - More Downside?** SGDMYR continues to trade lower amid MYR strength. Last seen at 2.9550 levels. Bearish momentum on daily chart remains intact while daily stochastics is in oversold conditions. Key support at 2.9750 (61.8% fibo retracement of 2016 low to 2017 high) appears to have been broken. A move towards 2.95, 2.9270 (76.4% fibo) should not be ruled out. Resistance at 3.0020 (21 DMA).
- **USDMYR - Next Leg Lower?** USDMYR continues to trade lower amid firmer oil prices and broad USD weakness. And we believe MYR strength should continue in early part (next few months) of 2018 amid Malaysian GE (likely to be held in coming months), positive development in domestic fundamentals including shifts in investor sentiment, strong GDP outlook, 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. Our fair value estimate for USDMYR is around 3.70 levels. Pair was last seen at 3.8680 levels. Bearish momentum on daily, weekly chart remains intact while stochastics is in oversold conditions. **Key area of support at 3.8460 - 3.85 levels. Decisive break below that could open way for the next leg lower towards 3.7660** (76.4% fibo retracement of 2015 low to 2017 high). Resistance at 3.90 levels.

- **1m USDKRW NDF - 1055 - 1070 Range.** Pair was little changed from Fri's levels. Pair could be trapped between weak USD trend and authorities' discomfort for excessive one-sided moves. Trump's latest trade protectionist measures on imposing import tariffs on washing machine and solar panels may affect Korean exports. According to some calculations reported on the media, those exports stand at about US\$2bn per year and could negatively impact Korean exports to US if US consumer switches preferences. Pair was last seen at 1064 levels. Expect 1055 - 1070 range to hold. Week ahead brings IP on Wed; CPI and exports on Thu.
- **USDCNH - Still Pressured Lower.** USDCNH waffled around 6.3260 this morning. Weak USD bias keeps this pair pressured to the downside. We see little support for this pair before the next at 6.20. Resistance is now at 6.3950 (76.4% fibo retracement of the 2015-2016 rally). **PBoC fixed the USDCNY reference rate at 6.3267, 169 pips lower than previous 6.3436. CNYMYR was fixed 11 pips lower at 0.6117 vs. previous at 0.6128.** Week ahead has NBS PMI (mfg and non-mfg) for Jan on Wed. Caixin's version is released on Thu. At home, Deputy Secretary General of NDRC stated in a commentary in Beijing daily that the China economy will remain sound this year with no major slowdown or acceleration, sees GDP growth at 6.5-6.8%.
- **1m USDINR NDF - Consolidate.** 1m USDINR NDF relatively unchanged since Fri. India's budget will be on the spotlight this week on 1 Feb. Later today, India President Kovind will open the budget session and outline the government's agenda for the coming financial year. Our India analysts anticipate difficulty in the government meeting the fiscal deficit target of 3.2-3.3% for FY18/19 to maintain India's credit rating, cut corporate tax rates to boost the manufacturing sector and infrastructure as well as giving more to the farm sectors in anticipation of state elections. The 1m NDF is likely to consolidate ahead of the budget. On the daily charts, bullish momentum wanes, while stochastics is seen turning lower from overbought conditions. 1m NDF was last seen at 63.76 level. Resistance remains at 64.00 (23.6% fibo from Sep 2017 high to Jan 2018 low), 64.45(38.2% fibo). Support at 63.37 level (2018 low). Week ahead brings Fiscal Deficit on Wed; India's FY18/19 Budget, Mfg PMI on Thu.
- **1m USDIDR NDF - Sideways.** 1m USDIDR NDF has been broadly trading sideways for the past week and a half amid USD weakness. Despite USD weakness, higher UST yields have made carry trade plays less favourable and this was reflected in the sell-off of USD127.4mn in Indonesian debt on 22-25 Jan (latest data available), which more than offset their purchase of USD52.1mn in equities last week. Spot USDIDR, which has been on the uptick since hitting a 2018 low of 13263 (on 25 Jan), gapped higher at the opening to 13315 this morning from Fri's close of 13306 amid a rebound in the USD. We caution of rebound risks given key risk events/data this week, namely Trump's State of the Union address, FOMC meeting and US ADP on Wed, and US NFP on Fri, should there be upside surprises Last seen around 13327 levels. Daily chart shows bearish bias dissipating, and stochastics climbing out of oversold conditions. Weekly momentum indicators and stochastics remain bearish bias.

This suggests risks are still to the downside but in the near term there could be upside risks to the 1m NDF. Look for the pair to trade sideways ahead. Resistance remains around 13370 (61.8% fibo retracement of the Sep-Oct upswing), 13440 (50% fibo). Support remains around the 13280 levels (76.4% fibo). We need to see a break of this level on a weekly close for bearish extension towards the 13000-handle. JISDOR was fixed at 13303 on Fri; 13 pips higher than the fixing on Thu. Week ahead has CPI, Nikkei PMI mfg (Jan) on Thu.

- **1m USDPHP NDF - *Bullish Bias*.** 1m USDPHP NDF has been on the uptrend since the first week of Jan amid concerns over its deteriorating current account deficit and despite broad USD weakness. Risk appetite remained healthy though with foreign investors buying USD10.6mn in equities that helped to mitigate some of the upside risks to the pair. Further inflows into equities could put downside pressure on the 1m NDF intraday, making the grind higher more gradual. Last seen around 51.12 levels. Momentum indicators on the daily chart remains intact but is waning, while stochastics remains at overbought conditions. Weekly chart shows bearish momentum has largely dissipated and stochastics climbing higher from oversold conditions. This suggests upside risks to the 1m NDF remains. Support is at 50.80 (50% fibo retracement of the Apr-Oct 2017 upswing) ahead of 50.70 (200DMA). Immediate resistance at 51.15 (38.2% fibo) ahead of 51.60 (23.6% fibo). Quiet week ahead with just Nikkei PMI mfg (Jan) due for release on Thu.
- **USDTHB - *Downside Risks Intact*.** USDTHB has been on the broad downtrend since the end of 2017, tracking the USD moves lower. Supportive of the THB has been the net foreign portfolio inflow into Thai assets so far. Foreign investors had purchased USD130.8mn in equities last week that more than offset the sell-off of USD76.2mn in debt. Further net portfolio inflows should be supportive of the THB and make any move higher by the pair a slow grind. Still there could be rebound risks given key events/data out this week from US, namely Trump's State of the Union address, FOMC meeting and US ADP on Wed, and US NFP on Fri, should there be upside surprises. Last seen around 31.372 levels. Daily and weekly momentum indicators remain bearish bias, while stochastics are at oversold conditions. Resistance around 31.580, 31.860 levels. Support remains at 31.256, 31.000 levels. Week ahead has current account, trade (Dec) on Wed; Nikkei PMI mfg (Jan) on Thu; foreign reserves (26 JanZ) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.35	3.39	+4
5YR MI3/22	3.62	3.59	-3
7YR ML9/24	3.89	3.91	+2
10YR MO11/27	3.89	3.91	+2
15YR MX4/33	4.44	4.38	-6
20YR MX4/37	4.62	4.62	Unchanged
30YR MZ3/46	4.86	*4.88/83	Not traded
IRS			
6-months	3.65	3.69	+4
9-months	3.67	3.71	+4
1-year	3.70	3.73	+3
3-year	3.80	3.82	+2
5-year	3.88	3.91	+3
7-year	3.98	4.01	+3
10-year	4.10	4.12	+2

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Source: Maybank KE

*Indicative levels

- Malaysian government bonds opened strong on the back of the Ringgit strength. Market also saw 15y MGS 4/33 retap auction in the morning garner a strong bid/cover of 2.47x. Post auction, the bond rallied 7bps lower to close at 4.38%. The continued Ringgit strength may keep local govies firm in the immediate term.
- MYR IRS curve shifted another 2-4bps higher as market takes in the rate hike. There were trades taken at the belly. IRS curve may continue to bear flatten as market views there will only be one hike for the year. 3M KLIBOR surged to 3.68% from 3.44% previously.
- Corporate bonds weakened, despite the move in MGS, amid some profit taking and selling. AAAs widened at the belly and long end by 1-2bps. AAs also widened by 1bp at the front end, while the long end was lacklustre. Affin Bank subdebt (rated A1) traded significantly weaker, 13bps wider than last done level exacerbated by the lack of liquidity in this curve.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.44	1.46	+2
5YR	1.75	1.74	-1
10YR	2.13	2.12	-1
15YR	2.40	2.40	-
20YR	2.43	2.43	-
30YR	2.57	2.57	-

Source: Maybank KE

- SGD IRS curve opened flatter tracking overnight moves in the USD market, with rates the same or -2bps in a flattening move and the same goes for SGS yields. Given still soft USD/SGD spot and forwards, SGD IRS was top heavy. Mixed SGS as most were sidelined ahead of the 5y benchmark auction on Monday (29 Jan). Some tweaking of front end yields after the 1y T-Bill auction cut off at 1.38%. Yields closed +2bps at the front end and -1bp at the belly, underperforming SGD IRS which lowered 1-3bps.
- Overnight volatility appeared to dampen interest in Asian credit market and additionally, there was the incoming US GDP data release. Indonesian sovereign bonds rose slightly higher in cash price despite thin trading volume. Elsewhere, weakness overshadow financials and HY spaces, while IG space still saw small buying on names such as TENCNT, BABA and some SOE names.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.41	5.40	(0.61)
5YR	5.59	5.69	9.90
10YR	6.12	6.18	6.04
15YR	6.63	6.66	3.08
20YR	6.95	6.98	3.79
30YR	7.08	7.08	0.22

* Source: Maybank Indonesia

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- Indonesia bond market closed lower during Friday trading session marking the first weekly loss in 2018 after three consecutively weekly gain. In our view, selling pressure may have occurred as IGB yield increased backed by heavy volume. Moreover, the UST10y yield was seen heading north during Friday trading session. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.693%, 6.183%, 6.658% and 6.985% while 2y yield moved lower to 5.401%. During the day, FR0076 (30y) yield decline the most by 2bps while FR0063 (5y benchmark series) yield increase the most by 10bps. 10y15y G-Spread remain the widest on YTD basis currently (10y15y current spread: 33bps). Trading volume at secondary market was noted heavy at government segments amounting Rp22,449b with FR0061 (4y) as the most tradable bond. FR0061 total trading volume amounting Rp2,376b with 35x transaction frequency.
- Foreign ownership stood at Rp874.8t or 41.5% of total tradable government bond as of Jan 25th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp35.6t from begin month Jan 18 or approx. more than half of Q117 foreign purchase (worth of Rp56.1t). Foreigner purchased Front End tenor (0 - 1 year) the most from begin month Jan 18.
- Corporate bond traded moderate amounting Rp820b. ISAT02CCN1 (Sukuk Ijarah Shelf Registration II Indosat Phase I Year 2017; C serial sukuk; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp238b yielding 7.300%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2554	110.37	0.8215	1.4359	6.3572	0.7423	136.8133	88.8523
R1	1.2491	109.47	0.8162	1.4260	6.3417	0.7386	135.8867	88.4527
Current	1.2393	108.91	0.8086	1.4116	6.3275	0.7330	134.9600	88.0610
S1	1.2367	107.98	0.8031	1.4086	6.3112	0.7302	134.2867	87.7057
S2	1.2306	107.39	0.7953	1.4011	6.2962	0.7255	133.6133	87.3583

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3165	3.9034	13332	51.1133	31.5960	1.6339	0.6162	2.9811
R1	1.3119	3.8872	13319	51.0167	31.4690	1.6295	0.6139	2.9733
Current	1.3092	3.8740	13329	51.0600	31.3700	1.6225	0.6122	2.9596
S1	1.3036	3.8624	13293	50.8127	31.2460	1.6216	0.6105	2.9589
S2	1.2999	3.8538	13280	50.7053	31.1500	1.6181	0.6092	2.9523

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

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.1256	Apr-18	Neutral
BNM O/N Policy Rate	3.25	7/3/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	15/2/2018	Neutral
BOT 1-Day Repo	1.50	14/2/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	8/2/2018	Tightening Bias
CBC Discount Rate	1.38	22/3/2018	Neutral
HKMA Base Rate	1.75	-	Tightening
PBOC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.00	7/2/2018	Neutral
BOK Base Rate	1.50	27/2/2018	Easing Bias
Fed Funds Target Rate	1.50	1/2/2018	Tightening
ECB Deposit Facility Rate	-0.40	8/3/2018	Easing Bias
BOE Official Bank Rate	0.50	8/2/2018	Neutral
RBA Cash Rate Target	1.50	6/2/2018	Neutral
RBNZ Official Cash Rate	1.75	8/2/2018	Neutral
BOJ Rate	-0.10	9/3/2018	Easing
BoC O/N Rate	1.25	7/3/2018	Tightening

Equity Indices and Key Commodities

	Value	% Change
Dow	26,616.71	0.85
Nasdaq	7,505.77	1.28
Nikkei 225	23,631.88	-0.16
FTSE	7,665.54	0.65
Australia ASX 200	6,050.02	-0.08
Singapore Straits Times	3,567.14	-0.15
Kuala Lumpur Composite	1,853.92	0.44
Jakarta Composite	6,660.62	0.68
Philippines Composite	9,041.20	0.47
Taiwan TAIEX	11,147.10	-0.17
Korea KOSPI	2,574.76	0.49
Shanghai Comp Index	3,558.13	0.28
Hong Kong Hang Seng	33,154.12	1.53
India Sensex	36,050.44	-0.31
Nymex Crude Oil WTI	66.24	1.55
Comex Gold	1,353.30	0.08
Reuters CRB Index	200.52	0.59
MBB KL	10.08	0.80

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 2/2003 4.2400% 07.02.2018	4.240%	7-Feb-18	125	2.983	3.194	2.953
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	46	3.19	3.27	3.19
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	7	3.204	3.204	3.204
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	1	3.269	3.269	3.269
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	5	3.266	3.266	3.255
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	131	3.27	3.349	3.27
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	3	3.322	3.331	3.322
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	2	3.35	3.354	3.35
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	20	3.354	3.354	3.354
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	133	3.466	3.512	3.466
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	85	3.473	3.493	3.465
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	100	3.617	3.617	3.565
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	87	3.748	3.748	3.719
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	4	3.705	3.705	3.705
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	1	3.783	3.783	3.783
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	25	3.83	3.83	3.83
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	38	3.942	3.942	3.898
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	135	3.887	3.912	3.885
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	2	4.03	4.03	4.027
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	124	3.923	3.936	3.886
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	220	4.066	4.084	4.066
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	56	4.431	4.471	4.431
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	180	4.44	4.445	4.435
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	163	4.619	4.623	4.611
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	49	4.857	4.86	4.837
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	59	3.257	3.257	3.231
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	30	3.782	3.782	3.782
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	526	3.882	3.882	3.846
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	70	4.107	4.116	4.107
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	80	4.08	4.089	4.08
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	17	4.249	4.249	4.249
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	30	4.162	4.162	4.149
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	120	4.591	4.591	4.59
Total			2,670			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
SME BANK IMTN 4.100% 09.03.2022	GG	4.100%	9-Mar-22	5	4.099	4.102	4.099
RANTAU IMTN 0% 28.08.2019 - Tranche No 7	AAA (S)	4.140%	28-Aug-19	10	4.016	4.016	4.016
SEB IMTN 4.700% 22.06.2018	AA1	4.700%	22-Jun-18	5	4.041	4.041	4.041
CIMBBANK 4.700% 07.08.2026 - Issue No 4	AA+	4.700%	7-Aug-26	1	4.849	4.849	4.662
DANAJAMIN IMTN 4.800% 06.10.2027	AA1	4.800%	6-Oct-27	10	4.717	4.719	4.717
FRL IMTN 4.850% 27.10.2021	AA2	4.850%	27-Oct-21	10	4.598	4.613	4.598
CIMBBANK 6.70% 07.10.2038	AA	6.700%	7-Oct-38	1	4.847	4.847	3.959
OCBC 6.750% 15.04.2039	AA2	6.750%	15-Apr-39	10	4.567	4.575	4.567
PKNS IMTN 4.850% 29.05.2020	AA3	4.850%	29-May-20	20	4.705	4.705	4.701
STSSB IMTN Series 1/2015 06.06.2022	AA- IS (CG)	7.250%	6-Jun-22	10	4.718	4.718	4.718
BGSM MGMT IMTN 4.920% 29.08.2025 - Issue No 13	AA3	4.920%	29-Aug-25	2	4.8	4.802	4.8
SAJC IMTN 5.610% 26.01.2029 - Tranche 10	AA- IS	5.610%	26-Jan-29	80	5.61	5.61	5.61
SAJC IMTN 5.670% 25.01.2030 - Tranche 11	AA- IS	5.670%	25-Jan-30	90	5.67	5.67	5.67
SPG IMTN 5.250% 30.04.2031	AA- IS	5.250%	30-Apr-31	10	5.161	5.161	5.158
SPG IMTN 5.290% 31.10.2031	AA- IS	5.290%	31-Oct-31	10	5.198	5.201	5.198
SPG IMTN 5.450% 31.10.2033	AA- IS	5.450%	31-Oct-33	1	5.35	5.35	5.35
S POWER IMTN 4932D 19.11.2018 ClassA(T1)	A1	3.000%	19-Nov-18	6	4.224	4.23	4.224
Total				280			

Sources: BPAM

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